

QUARTERLY REPORT

LICENSEE HARRAH'S CASINO HOTEL , ATLANTIC CITY

ADDRESS 777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 2002

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

**NAME OF OFFICER IN
CHARGE OF
CORRESPONDENCE
REGARDING THIS
QUARTERLY REPORT**

ANTHONY P. RODIO

OFFICIAL TITLE VICE PRESIDENT OF FINANCE AND CASINO MARKETING

ADDRESS 777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

BALANCE SHEETS

AS OF SEPTEMBER 30, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents (Note 2).....	\$ 31,477	\$ 22,979
2	Short-Term Investments.....	0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2002, \$1,099; 2001, \$2,143).....	6,264	5,971
4	Inventories (Note 2).....	992	873
5	Prepaid Expenses and Other Current Assets (Note 5).....	7,826	5,242
6	Total Current Assets.....	46,559	35,065
7	Investments, Advances, and Receivables (Note 6).....	428,211	253,393
8	Property and Equipment - Gross (Notes 2 and 3).....	746,067	621,581
9	Less: Accumulated Depreciation and Amortization (Notes 2 and 3).....	(270,622)	(247,641)
10	Property and Equipment - Net (Note 2 and 3).....	475,445	373,940
11	Other Assets (Note 7).....	12,632	15,762
12	Total Assets.....	\$ 962,847	\$ 678,160
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 1,651	\$ 1,700
14	Notes Payable.....	0	0
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	0	0
16	Other.....	0	0
17	Income Taxes Payable and Accrued (Note 2).....	0	0
18	Other Accrued Expenses (Note 9).....	66,974	18,381
19	Other Current Liabilities.....	156	368
20	Total Current Liabilities.....	68,781	20,449
	Long-Term Debt:		
21	Due to Affiliates.....		
22	Other (Note 4).....	650,000	500,000
23	Deferred Credits (Note 2).....	1,366	968
24	Other Liabilities (Note 10).....	42,893	44,433
25	Commitments and Contingencies (Note 2)		
26	Total Liabilities.....	763,040	565,850
27	Stockholders', Partners', or Proprietor's Equity.....	199,807	112,310
28	Total Liabilities and Equity.....	\$ 962,847	\$ 678,160

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 and 2001

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	2,002	2,001
	Revenue:		
1	Casino	\$ 336,032	\$ 308,384
2	Rooms	27,674	22,157
3	Food and Beverage	39,898	35,884
4	Other	5,088	7,499
5	Total revenue	408,692	373,924
6	Less: Promotional Allowance	79,811	72,750
7	Net revenue	328,881	301,174
	Costs and Expenses:		
8	Cost of goods and services	157,629	150,489
9	Selling, general, and administrative	28,122	27,577
10	Provision for doubtful accounts	205	0
11	Total costs and expenses	185,956	178,066
12	Gross Operating Profit	142,925	123,108
13	Depreciation and amortization	19,780	18,227
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other	9,097	33,982
16	Income (Loss) from Operations	114,048	70,899
	Other Income (Expenses):		
17	Interest (expense) - affiliates -	0	0
18	Interest (expense) - external	(38,998)	(24,025)
19	Investment alternative tax and related income (expense) - net	(2,802)	(1,415)
20	Nonoperating Income (expense) - net	470	34
21	Total other income (expenses)	(41,330)	(25,406)
22	Income (Loss) Before Income Taxes and Extraord. Items	72,718	45,493
23	Provision (credit) for income taxes	4,273	2,553
24	Income (Loss) Before Extraordinary Items	68,445	42,940
25	Extraordinary items (net of income taxes - 2002, \$0; 2001, \$0)	0	0
26	Net Income (Loss)	\$ 68,445	\$ 42,940

*Certain 2001 amounts have been reclassified to conform with 2002 presentation.

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	2,002	2,001
	Revenue:		
1	Casino	\$ 131,366	\$ 113,327
2	Rooms	12,729	8,774
3	Food and Beverage	16,146	13,380
4	Other	2,019	3,240
5	Total revenue	162,260	138,721
6	Less: Promotional Allowance (Note 2)	32,981	29,680
7	Net revenue	129,279	109,041
	Costs and Expenses:		
8	Cost of goods and services	59,562	52,678
9	Selling, general, and administrative	10,032	8,628
10	Provision for doubtful accounts	0	0
11	Total costs and expenses	69,594	61,306
12	Gross Operating Profit	59,685	47,735
13	Depreciation and amortization	7,253	6,099
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other (Note 11)	3,349	19,190
16	Income (Loss) from Operations	49,083	22,446
	Other Income (Expenses):		
17	Interest (expense) - affiliates -	0	0
18	Interest (expense) - external	(13,000)	(6,949)
19	Investment alternative tax and related income (expense) - net	(1,101)	(127)
20	Nonoperating Income (expense) - net (Note 12) ...	92	12
21	Total other income (expenses)	(14,009)	(7,064)
22	Income (Loss) Before Income Taxes and Extraord. Items	35,074	15,382
23	Provision (credit) for income taxes (Note 2)	2,850	880
24	Income (Loss) Before Extraordinary Items	32,224	14,502
25	Extraordinary items (net of income taxes - 2002, \$0; 2001, \$0)	0	0
26	Net Income (Loss)	\$ 32,224	\$ 14,502

*Certain amounts have been reclassified to conform with 2002 presentation.

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STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2000	\$165,954	(\$96,584)	\$0	\$69,370
2	Net Income - 2001		62,131		\$62,131
3	Capital Contributions.....				
4	Capital Withdrawals.....		0		\$0
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7	.....			
8	.....			
9	.....			
10	Balance, December 31, 2001	165,954	(34,453)	0	131,501
11	Net Income - 2002		68,445		\$68,445
12	Capital Contributions.....				
13	Capital Withdrawals.....		0		\$0
14	Partnership Distributions.....				
15	Prior Period Adjustments.....		(139)	0	(\$139)
16	.....			
17	.....			
18	.....			
19	Balance, September 30, 2002	\$165,954	\$33,853	\$0	\$199,807

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 2002	(d) 2001
1	Net Cash Provided (Used) by Operating Activities	\$ 86,969	\$ 55,928
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities	0	0
3	Proceeds from the sale of short-term investment securities	0	0
4	Cash outflows for property and equipment	(84,204)	(60,295)
5	Proceeds from disposition of property and equipment	13	0
6	Purchase of casino reinvestment obligations	(3,819)	(3,677)
7	Purchase of other investments and loan advances made	0	0
8	Proceeds from disposal of investments and collection of advances and long-term receivables	0	0
9	Cash outflows to acquire business entities	0	0
10	Write Off Abandoned Projects	0	4
11	.....	0	0
12	Net Cash Provided (Used) by Investing Activities ..	(88,010)	(63,968)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt	0	0
14	Payments to settle short-term debt	0	0
15	Cash proceeds from issuance of long-term debt	0	10,000
16	Costs of issuing debt	0	0
17	Payments to settle long-term debt	0	(10,000)
18	Cash proceeds from issuing stock or capital contributions	0	0
19	Purchases of treasury stock	0	0
20	Payments of dividends or capital withdrawals	0	0
21	Transfer to Affiliates	0	0
22	.....	
23	Net Cash Provided (Used) by Financing Activities	0	0
24	Net Increase (Decrease) in Cash and Cash Equivalents	(1,041)	(8,040)
25	Cash and Cash Equivalents at Beginning of Period	32,518	31,019
26	Cash and Cash Equivalents at End of Period	\$ 31,477	\$ 22,979
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
	Cash Paid During Period for:		
27	Interest (net of amount capitalized)	\$ 262	\$ 24,033
28	Income Taxes	\$ 7,415	\$ 3,570
		

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TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 2002	(d) 2001
	Net Cash Flows From Operating Activities:		
29	Net Income (loss)	\$ 68,445	\$ 42,940
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment	19,780	18,227
31	Amortization of other assets	13	307
32	Amortization of debt discount or premium	0	0
33	Deferred income taxes - current	0	0
34	Deferred income taxes - noncurrent	460	0
35	(Gain) loss on disposition of property & equipment	1	0
36	(Gain) loss on casino reinvestment obligation	0	0
37	(Gain) loss from other investment activities	0	0
38	Net (increase) decrease in receivables and patrons checks	11,651	(213)
39	Net (increase) decrease in inventories	(32)	221
40	Net (increase) decrease in other current assets	(3,647)	(1,494)
41	Net (increase) decrease in other assets	1,821	1,312
42	Net increase (decrease) in accounts payables	(413)	(340)
43	Net increase (decrease) in other current liabilities excluding debt	25,914	(4,429)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(863)	(1,051)
45	Net increase in other receivables or advances	(36,161)	448
46			
47	Net Cash Provided (Used) by Operating Activities	\$ 86,969	\$ 55,928
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION			
	Aquisition of Property and Equipment:		
48	Additions to property and equipment	\$ 84,204	\$ 60,295
49	Less: capital lease obligations incurred	0	0
50	Cash Outflows for Property and Equipment	\$ 84,204	\$ 60,295
	Acquisition of Business Entities:		
51	Property and equipment acquired	\$	\$
52	Goodwill Acquired		
53	Net assets acquired other than cash, goodwill, and property and equipment		
54	Long-term debt assumed		
55	Issuance of stock or capital invested		
56	Cash Outflows To Acquire Business Entities	\$	\$
	Stock Issued or Capital Contributions:		
57	Total issuance of stock or capital contributions	\$	\$
58	Less: issuances to settle long-term debt, and		
59	Consideration in acquisition of business entities		
60	Cash Proceeds from Issuing Stock or Capital Contributions	\$	\$

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	253,203	\$ 22,054	-	\$ -
2	Food	1,606,600	16,066	-	-
3	Beverage	3,781,200	9,453	-	-
4	Travel	-	-	49,556	4,906
5	Bus Program Cash	-	-	-	-
6	Other Cash Complimentaries	2,507,120	31,339	-	-
7	Entertainment	-	-	-	-
8	Retail & Non-Cash Gifts	179,800	899	231,000	1,155
9	Parking	-	-	-	-
10	Other	-	-	-	-
11	Total	8,327,923	\$ 79,811	280,556	\$ 6,061

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	114,868	\$ 10,005	-	\$ -
2	Food	642,900	\$ 6,429	-	-
3	Beverage	1,538,000	\$ 3,845	-	-
4	Travel	-	-	21,566	\$ 2,135
5	Bus Program Cash	-	-	-	-
6	Other Cash Complimentaries	987,680	\$ 12,346	-	\$ -
7	Entertainment	-	-	-	-
8	Retail & Non-Cash Gifts	71,200	\$ 356	87,600	\$ 438
9	Parking	-	-	-	-
10	Other	-	-	-	-
11	Total	3,354,648	\$ 32,981	109,166	\$ 2,573

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Marina Associates (the "Partnership") operates as a general partnership which owns and operates a casino hotel located in the Marina District of Atlantic City, New Jersey known as Harrah's Casino Hotel Atlantic City. Harrah's Operating Company, Inc. ("HOC"), a direct wholly-owned subsidiary of Harrah's Entertainment, Inc. ("Harrah's") through its subsidiaries, is the sole owner of the Partnership. A substantial portion of the Partnership's revenues are derived from gaming operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents - Cash equivalents are highly liquid investments with a maturity of less than three months and are stated at the lower of cost or market value.

Inventories - Inventories of provisions and supplies are valued at the lower of cost, weighted average, or market.

Property and Equipment - Property and equipment are stated at cost, including capitalized interest. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful life of the assets, as follows:

Buildings, leaseholds and improvements	40 years
Furniture, fixtures and equipment	3 - 10 years

Long-Lived Assets - During 1996, the Partnership adopted the provisions of Statement of Financial Standard No. 121, "Accounting for the Impairment of Long-Lived Assets" ("SFAS 121"). SFAS 121 requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. During 2002, no business conditions or events occurred which may indicate a possible impairment. The assessment for potential impairment is based primarily on the Company's ability to recover the unamortized balance of its long-lived assets from expected future cash flows from its operations on an undiscounted basis.

Investments in Subsidiaries - During 1999, the Company, through its wholly owned subsidiary Reno Crossroads LLC ("Reno"), acquired a parcel of land in Reno, Nevada for approximately \$10,325. The existing facilities located on the parcel site were demolished and a new plaza was constructed on the site. On February 1, 2000, Reno entered into an agreement to lease this parcel of land to HOC for a period of twenty years at a fixed rent of \$1,120 per year. Project spending as of September 30, 2002 amounted to approximately \$2,365.

Revenue Recognition - Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. Food, beverage, rooms and other revenues include the aggregate amounts generated by those departments.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Promotional Allowances - Gross revenues include the retail value of complimentary food, beverage, theater and hotel services and the amount of volume-based cash rebates paid to casino patrons. The value of these promotional allowances is deducted to arrive at net revenues.

Income Taxes - The accompanying financial statements do not include a provision for federal income tax purposes by the individual partners. In accordance with regulations prescribed by the New Jersey Casino Control Act, the Partnership files a state income tax return on behalf of the partners. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of tax assets and liabilities for financial reporting and income tax purposes. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date.

Disclosures - In accordance with the Quarterly Report Instructions, the Partnership has not submitted updated information for the summary of future lease obligations and contribution of savings and retirement plan in which employees of the Partnership may participate. There has been no significant changes to the information submitted in our December 31, 2001 Annual Report.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles requires the Partnership to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Casino Licensing - In April 2000, the New Jersey Casino Control Commission renewed the Partnership's casino license through April 2004. A New Jersey casino license is not transferable and must be renewed by filing an application.

Recent Accounting Pronouncements - In January 2001, the Emerging Issues Task Force reached a consensus on certain issues within Issue No. 00-22, "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to be Delivered in the Future" ("EITF 00-22"). EITF 00-22 requires volume-based cash rebates to be classified as a reduction of revenue. Accordingly, such rebates have been classified as promotional allowances. The Partnership previously classified these expenditures as gaming expense.

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This standard addresses the financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard is effective for fiscal years beginning after June 15, 2002. The Partnership does not expect the adoption of SFAS No. 143 to have a material impact on the Partnership's financial results.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This standard addresses financial accounting and reporting for the impairment or disposal of long-

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

lived assets. The standard is effective for fiscal years beginning after December 15, 2001. The Partnership does not expect the adoption of SFAF No. 144 to have a material impact on the Partnership's financial results.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and Equipment as of September 30 consisted of the following:

	<u>2002</u>	<u>2001</u>
Land and Land Improvements	\$ 72,206	\$ 71,151
Buildings, Leaseholds and Improvements	496,698	359,441
Furniture, Fixtures and Equipment	170,685	152,615
Construction in Progress	<u>6,478</u>	<u>38,374</u>
	746,067	621,581
Less Accumulated Depreciation	<u>(270,622)</u>	<u>(247,641)</u>
Property and Equipment, Net	<u>\$475,445</u>	<u>\$373,940</u>

NOTE 4 - LONG-TERM DEBT

Long-term debt as of September 30 consisted of the following:

	<u>2002</u>	<u>2001</u>
Promissory Note	\$650,000	\$ -
Revolving Credit and Letter of Credit		
Facility, 4.2375% - 6.1125% at September 30, 2001,		
maturing in 2004, with interest payable monthly	<u>-</u>	<u>500,000</u>
	<u>\$650,000</u>	<u>\$500,000</u>

HOC and the Partnership had a revolving credit and letter of credit facilities (the "Bank Facility"), which provided a borrowing capacity of \$1,835,000 with a sublimit to the Partnership of \$500,000. The Bank Facility consisted of a five-year \$1,525,000 revolving credit and letter of credit facility maturing in 2004 and a separate \$328,000 revolving credit facility, which was renewable annually at the borrower's and lenders' options. As of September 30, 2001, the Partnership's intercompany loan balance with HOC in connection with the Bank Facility was \$500 million.

On October 31, 2001, the Partnership retired \$500,000 of its borrowings associated with the Bank Facility. Future borrowings by the Partnership will be done through an intercompany note with HOC, which will be subject to appropriate approvals from New Jersey governmental agencies. Accordingly, effective October 31, 2001, the Partnership and HOC consummated a promissory note for \$650,000. All principal and interest outstanding on the promissory note is due and payable on demand to HOC. Interest is computed on an annual basis using 360 days for the actual number of days elapsed during a year, and an annual rate of 8%. Any amount of principal not paid by the Partnership to HOC when due will bear an additional 2% annual interest rate.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 5 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of September 30 consisted of the following:

	<u>2002</u>	<u>2001</u>
Prepaid Taxes	\$1,460	\$1,290
Prepaid State Income Tax	3,589	931
Prepaid Insurance	401	446
Prepaid Air Charters	1,275	1,439
Prepaid Marketing	860	736
Prepaid Other	<u>241</u>	<u>400</u>
	<u>\$7,826</u>	<u>\$5,242</u>

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, Advances and Receivables as of September 30, consisted of the following:

	<u>2002</u>	<u>2001</u>
Notes Receivable	\$ 650	\$ 1,049
Casino Reinvestment Development Authority Bonds - Net of Valuation Allowance of \$3,037 and \$2,848 at September 30, 2002 and 2001, respectively	2,274	1,855
Casino Reinvestment Development Authority obligation deposits - Net of Valuation Allowance of \$1,111 and \$918 at September 30, 2002 and 2001, respectively	6,551	6,222
Due from Affiliates	<u>418,736</u>	<u>244,267</u>
	<u>\$428,211</u>	<u>\$253,393</u>

Due from Affiliates as of September 30 consisted of the following unsecured, non-interest bearing intercompany amounts:

	<u>2002</u>	<u>2001</u>
Harrah's New Jersey, Inc.	\$ 18,962	\$ 18,962
I/C- Embassy Suites	382,845	211,946
Northeast Regional Office	6,250	4,947
Harrah's Lake Tahoe	132	134
Embassy Suites, Inc.	1,940	1,940
Harrah's Del Rio	184	185
Harrah's Reno	2,780	1,734
Harrah's Las Vegas	52	92
Bill's Casino	111	111
Harrah's Vicksburg	23	24
Harrah's Joliet	339	515
Harrah's New Orleans	1	1

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Harrah's Tunica	-	2
Harrah's Shreveport	14	15
Harrah's St. Louis	74	75
Harrah's North Kansas City	42	42
Harrah's Cherokee	687	552
Harrah's Prairie Band	21	21
Harrah's Ak Chin	-	-
Harrah's Showboat	3,586	2,409
Showboat East Chicago	601	513
Harvey's	45	-
Harrah's Gold Card	47	47
	<u>\$418,736</u>	<u>\$244,267</u>

The Partnership transfers cash in excess of its operating needs to HOC on a daily basis. Cash transfers from HOC to the Partnership are also made based upon the needs of the Partnership to fund daily operations, including accounts payable and payroll, as well as capital expenditures. The net transfers to HOC were \$88.3 million and \$69.0 million for the three months ended September 30, 2002 and 2001, respectively.

NOTE 7 - OTHER ASSETS

Other Assets as of September 30 consisted of the following:

	<u>2002</u>	<u>2001</u>
Deposits	\$ 57	\$ 121
Deferred Other	96	223
Deferred Finance Charges	-	960
Deferred and Prepaid CRDA Obligations	<u>12,479</u>	<u>14,458</u>
	<u>\$12,632</u>	<u>\$15,762</u>

NOTE 8 - INVESTMENT OBLIGATIONS

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Partnership may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the New Jersey Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

The Partnership includes CRDA investment bonds and funds on deposit with the CRDA in investments, advances and receivables. The Partnership records a charge to operations to reflect the estimated realizable value of its CRDA investment obligations.

Through 2002 the Partnership was required to make deposits with the CRDA of approximately \$79,718 towards its obligations through that date, of which \$78,056 was deposited. The Partnership's obligation for the third quarter of 2002 of approximately \$1,662 was deposited in October 2002.

The Partnership has committed \$11,986 of its current and future CRDA deposit obligations for the refurbishment of the Atlantic City Convention Center. This amount has been capitalized and is being amortized on a straight-line basis over a 15 year period since the Convention Center reopened for operations during September 2001. Investments, advances and receivables at September 30, 2002 reflect \$2,515 in deposits which have been earmarked for the project.

To satisfy current Atlantic City obligations as well as those projected beyond the year 2001, the Partnership received approval from the CRDA for a qualified direct investment project to construct various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City at an estimated cost to the Partnership of approximately \$54,500. As of March 31, 2001, approximately \$54,410 has been expended by the Partnership of which approximately \$4,123 was reimbursed to the Partnership from certain government grants and \$18,742 represented a prepayment position of the Partnership's future obligations.

In December 1999, the CRDA approved a credit exchange agreement between Harrah's Atlantic City and Atlantic City Showboat. The credit exchange agreement resulted in Harrah's Atlantic City exchanging \$4,628 of its future South Jersey CRDA obligations for \$4,628 of Atlantic City Showboat's current Atlantic City CRDA obligations. Harrah's Atlantic City received this amount in January 2000 as a reimbursement of its prepaid Atlantic City obligation, previously mentioned.

NOTE 9 - OTHER ACCRUED EXPENSES

Other Accrued Expenses as of September 30 consisted of the following:

	<u>2002</u>	<u>2001</u>
Accrued Salaries, Wages and Benefits	\$ 8,141	\$ 8,859
Taxes Payable	2,040	1,542
Accrued In-House Progressive Slot Liability	174	166
Accrued City Wide Progressive Slot Liability	612	252
Accrued Interest, Long-term debt	47,811	1,977
Accrued Casino Control Commission / Department		
Gaming Enforcement Casino License Fees	1,108	1,088
Other Accrued Expenses	<u>7,088</u>	<u>4,497</u>
	<u>\$66,974</u>	<u>\$18,381</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 10 - OTHER LIABILITIES

Other Liabilities as of September 30 consisted of the following:

	<u>2002</u>	<u>2001</u>
Due to Affiliates, Long-term	\$39,775	\$39,771
Other	<u>3,118</u>	<u>4,662</u>
	<u>\$42,893</u>	<u>\$44,433</u>

Due to Affiliates at September 30 consisted of the following unsecured, non-interest bearing inter-company accounts:

	<u>2002</u>	<u>2001</u>
Harrah's Holdings, Inc.,	\$ 603	\$ 603
Harrah's Atlantic City, Inc.	38,855	38,855
Harrah's Ak Chin	23	21
Harrah's Tunica	2	-
Harrah's Holiday Inns of New Jersey, Inc.	<u>292</u>	<u>292</u>
	<u>\$39,775</u>	<u>\$39,771</u>

NOTE 11 - CHARGES FROM AFFILIATES - OTHER

Use of Trademarks - The Partnership entered into a license agreement in August 1995 with Harrah's Las Vegas, Inc., (the "Licensor") for the use of certain licensed trademarks. The licensing agreement was renewed in 2001 for an additional five-year period. During 2002, the licensing agreement was amended, effective January 1, 2002, to provide that no royalty payment is due from the Partnership to the Licensor for the use of the trademarks. Prior to this amendment, the Partnership had been required to pay a fixed license fee of \$34,050 per year. For the nine months ended September 30, 2002 and 2001, the Partnership's license fee was \$0 and \$25,537, respectively.

Administrative Services - The Partnership is charged a fee from HOC for administrative services (including legal, accounting and insurance). The Partnership was charged \$9,097 and \$8,445 for these services for the nine months ended September 30, 2002 and 2001, respectively.

NOTE 12 -NONOPERATING INCOME (EXPENSE) - NET

In December 1998, the Partnership sold two parcels of land to the State of New Jersey. However, the valuation of the land sold to the State of New Jersey in 1998 was under dispute between the respective parties. The Partnership and the State of New Jersey settled the real estate condemnation dispute resulting in a Partnership gain of \$14,317, of which \$121 was realized in the nine months ended September 30, 2002.

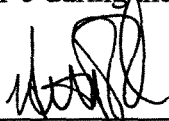
HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 13 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$139 was reported on the Statement of Changes in Partners' Equity to correct a prior year intercompany tax provision.

STATEMENTS OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this Quarterly Report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.



Signature

Vice President of Finance and Casino Marketing

Title

7022-11

License Number

On Behalf of:

Marina Associates

Casino Licensee